Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

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PAGE 01 STATE 055010

67
ORIGIN EA-10

INFO OCT-01 CCO-00 SS-15 SSO-00 ISO-00 NSC-05 H-02 NSCE-00

INRE-00 USIE-00 CIAE-00 DODE-00 PM-03 INR-07 L-02

NSAE-00 PA-01 PRS-01 SP-02 AID-05 IGA-01 EB-07 /062 R

DRAFTED BY EA:AMBASSADOR MARTIN:MHS
APPROVED BY EA:PCHABIB
S/S:MTANNER
H: AMBASSADOR MCCLOSKEY
DESIRED DISTRIBUTION
NSCE
---------- 000847
O 120021Z MAR 75 ZFF4
FM SECSTATE WASHDC
TO AMCONSUL JERUSALEM IMMEDIATE

S E C R E T STATE 055010

TOSEC 338

E.O. 11652: GDS

TAGS: EAID, VS

SUBJECT: AID FOR VIETNAM

1. AMBASSADORS MCCLOSKEY, HABIB AND MARTIN MET THIS MORNING WITH SENATORS CHURCH AND PEARSON TO CONTINUE DISCUSSIONS OF THREE-YEAR TERMINAL AID PACKAGE FOR VIETNAM. SENATOR CHURCH RESUMED DISCUSSION WITH COMMENT THAT WHILE COMBINING ECONOMIC AND MILITARY AID IN SINGLE PACKAGE DESIRABLE, LARGE AMOUNTS EXTREMELY DIFFICULT TO SELL. HE SAID IT PERHAPS BETTER TO CONSIDER REMOVING ECONOMIC AID FROM PACKAGE AND LEAVE IT TO NORMAL PROCESSES OF FOREIGN AID BILL.

2. HABIB DOUBTED THIS WOULD BE WORKABLE, NOTING THE MARK-UP
SECRET

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PAGE 02 STATE 055010

YESTERDAY IN PASSMAN SUBCOMMITTEE WHICH CUT ECONOMIC AID

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

TO VERY LOW LEVELS. HE POINTED OUT THE NECESSITY OF HAVING ENOUGH ECONOMIC AID TO PROVIDE "SURGE EFFECT" ESSENTIAL TO PERMIT GVN ECONOMY TO BEGIN EARNING ENOUGH FOREIGN EXCHANGE AT END OF THREE YEAR PERIOD TO ENABLE GVN TO PURCHASE NEEDED MILITARY SUPPLIES THEREAFTER.

3. MARTIN AGAIN STRESSED THE SUCCESS OF AMERICAN DIPLOMACY IN KEEPING SOVIET/CHINESE MILITARY AID SINCE PARIS AGREE-MENTS TO $300-$400 MILLION RANGE, AND EXPRESSED CONFIDENCE

THAT US COULD EXERT SUFFICIENT LEVERAGE TO INSURE NO IN-CREASE IN FUTURE. HE POINTED OUT THAT HANOI COULD NOT COUNT ON AUTOMATIC RESUPPLY WITHOUT WHICH IT CLEARLY WILL NOT HAVE CAPABILITY FOR PROTRACTED MILITARY CAMPAIGN IN SOUTH. THEREFORE, IF CLEAR AMERICAN COMMITMENT GIVEN FOR NEXT THREE YEARS HE WAS CONFIDENT HANOI WOULD RETURN SERIOUSLY TO CONFERENCE TABLE AND/OR RETURN TO DECISION MADE LAST JULY TO CONCENTRATE ON ECONOMIC RECONSTRUCTION OF NORTH AND PUT MILITARY ACTION IN SOUTH ON BACK BURNER. REVERSAL OF THIS DECISION MADE ONLY AFTER AP-PROPRIATION CUTS LAST AUGUST CONVINCED HANOI STRONG MILITARY PUSH THIS DRY SEASON WOULD FURTHER ERODE AMERICAN WILL. WE WERE NOW SEEING BEGINNING OF SECOND PHASE OF CURRENT DRY-SEASON OFFENSIVE. THIS WOULD NOW BE LARGER THAN ORIGINALLY ANTICIPATED BUT COULD BE CONTAINED BY THE GVN WITHOUT LOSS OF ANY VITAL TERRITORY. THEREFORE THREE YEAR TERMINAL PACKAGE STILL COMPLETELY VIABLE ALTERNATIVE.

4. PEARSON AND CHURCH BOTH EXPRESSED RESERVATIONS ON PROSPECTS OF THREE YEAR PACKAGE AT $6-6.5 BILLION LEVEL. CHURCH SAID HE WAS THINKING OF LEVEL OF FY 75, PERHAPS AT AUTHORIZED LEVEL, I.E., ONE BILLION, AND REDUCTIONS OF ONE THIRD FOR SUCCESSIVE YEARS. HABIB SAID THIS WAS CLEARLY INSUFFICIENT. WHEN ASKED WHETHER ADMINISTRATION WOULD PREFER CONTINUATION OF ANNUAL REQUESTS RATHER THAN ACCEPT SUCH A LOWER PACKAGE, HABIB REPLIED THAT THE PRESENT ANSWER WOULD CLEARLY BE AFFIRMATIVE.

5. MEETING CLOSED WITH PEARSON UNDERTAKING TO MAKE SERIES OF SOUNDINGS ON HIS SIDE AFTER WHICH THEY WOULD
SECRET

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MEET AGAIN.

6. MEETING WAS FRIENDLY AND ON THE WHOLE POSITIVE. THERE IS OBVIOUS CONTINUING INTEREST IN THREE YEAR PACKAGE AND EACH MEETING CONTINUES EDUCATIONAL PROCESS. WE GAVE NO INDICATIONS OF ANY POSSIBLE CONCESSIONS ON PART OF ADMINISTRATION ON SIZE OF PACKAGE AND WE DO NOT BELIEVE THERE SHOULD BE ANY UNTIL AFTER YOUR RETURN, IF

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THEN. INGERSOLL

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EO Systematic Review
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